

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 XMB-02

PA-01 USIA-06 PRS-01 /102 W
----- 116357

R 100834Z JAN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7211

INFO AMEMBASSY JAKARTA

AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 0360

E.O. 11652: GDS

TAGS: ENRG, JA, ID, UR

SUBJ: AMBASSADOR TOLKS WITH KEY ENERGY FIGURE

REF: TOKYO 12920

SUMMARY: AMBASSADOR TALKED JANUARY 8 WITH TAKEO MURAKAMI, KEY BUSINESS MAN IN ENERGY FIELD, ABOUT LATTER'S DECISION TO POSTPONE ACTION ON PROPOSED SOLUTION TO PACIFIC LIGHT-ING/INDONESIAN LNG PROBLEM, AND ABOUT PROSPECTS FOR JOINT U.S.-JAPAN-U.S.S.R. NATURAL GAS EXPLORATION AND DEVELOP-MENT PROJECT IN YAKUTSK.

1. TOKYO GAS VICE PRESIDENT TAKEO MURAKAMI CALLED ON THE AMBASSADOR JANUARY 8 TO INFORM HIM THAT TOKYO GAS AND PACIFIC LIGHTING HAD AGREED TO PUT IN "PENDING" STATUS FORMER'S PROPOSAL TO SWAP PACIFIC LIGHTING CONTRACT FOR INDONESIAN LNG FOR TOKYO GAS ALASKAN LNG CONTRACT (REFTEL). REASON GIVEN WAS THAT 10 PERCENT DROP IN CURRENT ELECTRICITY CONSUMPTION BELOW ANTICIPATED LEVELS HAS FORCED
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TOKYO ELECTRIC COMPANY, THE INTENDED LNG END-USER, TO

LOWER ITS ELECTRICITY DEMAND ESTIMATES, AND THUS ITS LNG REQUIREMENTS, FOR 1977-78 PERIOD. IN RESPONSE TO THE AMBASSADOR'S QUESTION, MURAKAMI SAID "BAD LUCK" HAD ALSO PLAYED A PART IN THAT SWAP PROPOSAL WAS TAKING LONG TIME TO WORK OUT AND NOW ECONOMIC SITUATION HAD WORSENER TO POINT WHERE FURTHER PURCHASES OF LNG NOT ECONOMICALLY FEASIBLE IN IMMEDIATE FUTURE.

2. SINCE TOKYO GAS HAS BEEN A STRONG PROPONENT OF U.S.-JAPAN COOPERATION IN YAKUTSK NATURAL GAS EXPLORATION PROJECT, THE AMBASSADOR ASKED MURAKAMI WHETHER NEW STATUTORY RESTRICTIONS ON U.S. EXIM BANK WOULD ADVERSELY AFFECT PROSPECTS FOR JOINT U.S.-JAPAN PARTICIPATION IN YAKUTSK PROJECT, AND IF SO, WHETHER JAPAN MIGHT AGREE TO PROCEED ON BILATERAL BASIS WITH THE SOVIETS. MURAKAMI INDICATED THAT HE IS PESSIMISTIC ABOUT U.S. PARTICIPATION IN YAKUTSK. MURAKAMI WONDERED IF COMPETING FINANCIAL NEEDS OF U.S. DOMESTIC ENERGY DEVELOPMENT PROJECTS WOULD NOT PRECLUDE LARGE EXIM BANK CREDITS TO THE SOVIET UNION FOR ENERGY DEVELOPMENT, EVEN IF THEY BECOME LEGALLY POSSIBLE. MURAKAMI ENDED BY SAYING THAT IT WAS "OUT OF THE QUESTION", AS FAR AS HE IS CONCERNED, FOR JAPAN TO PROCEED WITH THE YAKUTSK PROJECT UNILATERALLY. HE SAID JAPAN "ABSOLUTELY NEEDS" U.S. ECONOMIC AND BARGAINING STRENGTH IN DEALING WITH THE SOVIETS.
HODGSON

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